

OKANAGAN HELICOPTERS LTD. 26th ANNUAL REPORT

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THE YEAR AT A GLANCE

Consolidated gross	
revenues	\$12,971,437
Funds provided by	
operations	\$3,215,438
Net earnings	\$ 1,027,856
Earnings per share	\$ 1.38
Working capital at	
year end	\$ 563,919
Number of employees	265
Helicopter Fleet	60

Front cover picture: The whirling rotors of two highly efficient "work-horses" of the large Okanagan helicopter fleet — a Bell 204B in flight and a Sikorsky S58T in the foreground.

26th ANNUAL REPORT



DIRECTORS

A. H. BENT	Vancouver, B.C.
*RONALD L. CLIFF	Vancouver, B.C.
*DOUGLAS A. DEWAR	Vancouver, B.C.
*HAROLD H. DINGLE	Vancouver, B.C.
C. N. EFFINGER	Vancouver, B.C.
*D. M. M. GOLDIE, Q.C.	Vancouver, B.C.
G. H. D. HOBBS	Vancouver, B.C.
†IAN KENNEDY	Vancouver, B.C.
J. M. S. LECKY	Montreal, P.Q.
G. A. B. McGAVIN	Vancouver, B.C.
W. J. MacKENZIE, M.E.	Kelowna, B.C.
*J. W. PITTS	Vancouver, B.C.

*Member of Executive Committee

†Deceased

OFFICERS

Chairman and President	J. W. Pitts
Vice-Chairman of the Board	C. N. Effinger
Vice-President, Marketing	F. A. Moore
Vice-President, Operations	D. T. Dunn
Secretary-Treasurer	Verne D. Pecho, C.A.
Assistant Secretary	D. W. H. Creighton

HEAD OFFICE AND SALES OFFICE

439 Agar Drive,
International Airport South,
Vancouver, B.C.

AUDITORS

Peat, Marwick, Mitchell & Co.
Vancouver, B.C.

REGISTRAR AND TRANSFER AGENTS

The Canada Trust Company,
Vancouver, Calgary, Winnipeg and Toronto

OPERATING SUBSIDIARY COMPANIES

Canadian Helicopters Limited,
Montreal, Quebec.
Universal Helicopters Limited,
Ottawa, Ontario.

Front cover picture: The whirling rotors of two highly efficient "work-horses" of the large Okanagan helicopter fleet — a Bell 204B in flight and a Sikorsky S58T in the foreground.

BASES AND SALES OFFICES

WESTERN CANADA OPERATIONS

Vancouver International

Airport (604) 278-5502
Alta Lake, B.C. (604) 932-5423
Calgary, Alta. (403) 263-6928
Campbell River, B.C. (604) 287-6118
Cranbrook, B.C. (604) 426-4316
Fort Nelson, B.C. (604) 774-6416
Fort Simpson, N.W.T. (403) 2424
Fort St. James area, B.C. (604) 996-8581

(or contact through Prince George)

Fort St. John, B.C. (604) 785-3845
Inuvik, N.W.T. (403) 979-2874
Kamloops, B.C. (604) 376-8044
Nelson, B.C. (604) 352-5411
Norman Wells, N.W.T. (403) 3136
Penticton, B.C. (604) 492-0637
Prince George, B.C. (604) 563-0551
Revelstoke, B.C. (604) 837-4044
Smithers, B.C. (604) 847-9444
Terrace, B.C. (604) 635-5448
Williams Lake, B.C. (604) 989-4413

SUMMER BASE LOCATIONS

Germansen Landing, B.C.

(contact through Prince George)

Eddontenajon, B.C.

(contact through Terrace)

EASTERN CANADA OPERATIONS

Universal Helicopters Limited:

Ottawa, Ont. (613) 521-5210
Gander, Nfld. (709) 256-3076
St. John's, Nfld. (709) 722-8717
Pasadena, Nfld.

(contact through Gander)

Bishops Falls, Nfld.

(contact through Gander)

Halifax, N.S. (902) 861-3747
Sydney, N.S. (902) 562-5551

Canadian Helicopters Limited:

Montreal, Que. (514) 636-1874
Fort George, LG-2, Que.

(contact through Montreal)

Matagami, Que.

(contact through Montreal)



REPORT TO SHAREHOLDERS



Your company showed substantial progress in the year ending January 31, 1973 — the 1972-73 year — with good gains in newly developing markets. Those new markets, particularly the Northwest Territories and the Arctic Islands, showed significant increases and Okanagan Helicopters and subsidiary companies shared substantially in this growth.

The overall picture achieved an increase in gross revenue to \$12,971,000, from \$10,693,000 the previous year, while profits after tax rose to \$1,027,000, compared with \$862,000. Funds provided by operations, a measure of our ability to finance company growth by internally generated funds, increased to \$3,215,000 from \$2,730,000.

Expressed in terms of earnings per ordinary share, the increase was from \$1.16 in 1971/72 to \$1.38 in 1972/73 or, on a fully diluted basis, from \$1.00 to \$1.20.

During the year, there was some disappointment in British Columbia's traditional helicopter market where a decline in business was experienced compared with the previous year.

The major reason for the reduced activity in British Columbia was a late spring runoff followed by a wet summer and hence a great reduction in fire-fighting activity. Mining exploration work also declined for the second consecutive year.

In the Northwest Territories and Arctic Islands, activity centered around the exploration for oil and gas. The success in the Mackenzie River/Delta area early in 1972 did much to stimulate these efforts and the transportation of personnel, supplies and even complete oil rigs by helicopter added considerably to our flying time.

On the east coast, the offshore contracts with Shell and Amoco continued and a 12-month extension has been obtained from Amoco. In September, a third S61-N aircraft went to work for Mobil Oil Canada Ltd. This contract commenced flying out of St. John's, Newfoundland, and later moved to Halifax.

As mentioned on other occasions, our eastern offshore operations are conducted on a fully instrumented basis under the most extreme year-round weather conditions. The ranges flown are gradually increasing and early in 1972 one aircraft flew over 700 miles

on a single non-stop ice patrol. Okanagan has now flown more than 6,000 hours in support of offshore drilling operations under some of the worst flying conditions in the world.

At the beginning of August 1972 the company won a contract to provide regular transportation between Sondre Stromfjord and Marmorilik in Greenland where the Cominco Black Angel Mine is being brought into production. This work proceeded throughout the winter and during the period when flying was restricted by short daylight hours, a second S58-T joined the first aircraft for a period of four and one-half months.

Additions to the company fleet during 1972/1973 included one S61-N, two S58-Ts, one S62 and fifteen 206Bs. As mentioned in the interim report to shareholders, a number of hangars were constructed, notably those at Inuvik and Norman Wells in the Northwest Territories. In all, the capital expenditure during the year amounted to \$5,786,000 with a net figure after sale of equipment of just under \$5 million.

As these expenditures were made, Okanagan continued its piston aircraft disposal program and we are hopeful that 1973/1974 will see the end of the company's piston fleet.

The Outlook

Reference to the last annual report indicates that most of the company's revenues are generated from the natural

resource industries. The outlook for the coming year remains favorable for the expansion of the major industries which we serve.

The mining industry in British Columbia is the one area of uncertainty because of new provincial government regulation and legislation which may well affect future mining exploration and development activity.

The indications for continued market growth in the north and in eastern Canada appear excellent.

Subsequent Events

In February 1973 an agreement was reached for Graymont Ltd. to purchase 150,000 treasury shares at \$14 a share. Simultaneously, Graymont agreed, subject to the approval of the Canadian Transport Commission, to sell Okanagan Ltd. and Lac St. Jean Aviation Ltée. The activities of these companies are mainly centered in the province of Quebec, now one of Canada's largest, if not the largest, helicopter markets. When approved, these acquisitions will greatly enhance the company's position in the growing eastern Canadian market.

Additions to our Fleet

Additions to our S58-T, S62, 206B and S61 fleets are planned for 1973/1974. A new departure will be made this year with the purchase of two Sud Aviation Gazelle aircraft.

Our Employees

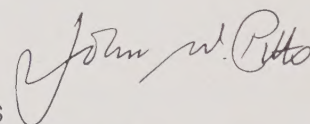
As the company expands so does the number of employees. In the helicopter business the day-to-day contact between employee and customer is the major factor in maintaining good customer relationships. The company's rapid growth in a highly competitive industry is a tribute to the success of our employees in maintaining a high standard in excellence of service. The directors once again acknowledge with thanks the continuing fine performance of the Okanagan people.

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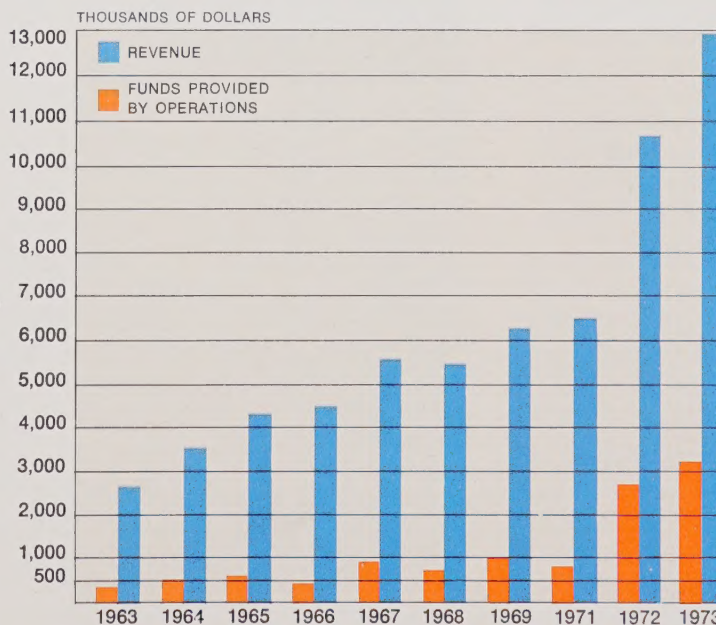
It is with great sadness that we record the sudden passing of Ian Kennedy,

Chairman of the Board of Directors, on October 26, 1972. Mr. Kennedy joined our company in May 1958, served as secretary, vice-president and general manager for many years and as president from April 1969 until his appointment as chairman in October 1970. Well-liked and highly respected both within and without the company, he is greatly missed.

On behalf of the Board,



J. W. PITTS
Chairman and President



A GROWING ROLE IN SERVING THE NATURAL RESOURCE INDUSTRIES

The natural resource industries are the most vital and vibrant part of the Canadian economy. These industries, directly and indirectly, provide the products that earn our way in world trade, feed our manufacturing plants, provide employment for our people and the things we need in everyday life.

From our natural resource industries comes the energy supply that is vital — power for our industrial plants, fuel for our transportation systems, heat and light for our homes.

From these industries also come the elements of hundreds of thousands of products that make up the Canadian economic fibre, products that we sell to other nations and products that most of us use in our daily lives.

Fortunately, Canada is rich in these resources and carefully planned exploration and development will provide Canadians with a richness of life both now and in the future.

These industries — oil and gas, minerals, forest products, hydro electric — are the major users of services supplied by Okanagan Helicopters Ltd.

Energy For a Growing Nation

The search for new oil reserves needed to supply the demands for energy has shifted in recent years to the frontier areas of Canada. Many companies in the industry are investing millions of



Okanagan operates a large fleet of the swift and versatile Bell 206s.

dollars each year in exploring new areas to supply present and future needs of industry, government and individual families.

Exploration activity in the vast northland has increased greatly and has even pushed into the Arctic Islands. It also has moved into the potentially rich offshore areas.

In addition to the supply of energy, the petroleum industry provides each of us with thousands of products, from waxes and solvents to bakery oils, germicides and artificial turf. Basic

ingredients from the industry are used in the manufacture of detergents, inks, toys, plywood glue, synthetic fabrics, camera and X-ray film, pharmaceuticals, cosmetics, shower curtains, tooth-brushes, paints, tires, insulation, matches, candles, packaging papers and films, soaps and perfumes. The list goes on and on.

Exploration work by geologists and engineers is carried out today with increasingly sophisticated equipment. The helicopter has become an essential part of geophysical surveys and seismic programs, geological



A 204B handles transmission tower erection.

reconnaissance work, the moving of exploration camps and placing of crews in the field, and general transportation of men and equipment in the quest for new oil and gas reserves.

Okanagan Helicopters Ltd. is one of the most experienced helicopter companies in the world in this field, having carried out hundreds of varied assignments for the petroleum companies on the frontiers of exploration.

Protecting the Forest Gold

Canada's great forests are another

major resource and planned management is assuring that it will yield wood products in perpetuity.

Again, helicopters have become a valuable tool for both private companies and government in forest management and protection.

The helicopter, while especially useful in forest fire protection, also provides many other services to the woods industries:

The taking of forest inventories to determine the extent and accessibility of various types of timber; assisting in the laying out of logging and fire access roads; reseeding logged-off or fire-swept areas; spraying timber stands for insect control purposes; servicing log buyers on visits to booming grounds; transporting of building materials to otherwise inaccessible peaks and ridges for lookout tower construction.

Our forests are rich in many species and the care and control now exercised in harvesting and reforestation will ensure that our country and its people will benefit from this resource for ensuing generations.

Okanagan Helicopters is in the forefront developing helicopter technology to meet the needs of the forest industry. The services we render in forest protection are well recognized by both government and industry.



Instrument-equipped Sikorsky S61s provide service to offshore oil rigs.

Exploring For Those Essential Minerals

The extent to which each of us depends on minerals in our everyday living is probably not generally realized. Minerals have been described as the "building blocks" of civilization — they make possible our shelter, places of work, transportation and communication and even our clothes. They fertilize our crops, bring us the wonders of radio and television, heal the sick. Without minerals and the genius to render them useful, man would be reduced to a primitive state.

Canada produces over 60 different mineral commodities, ranging from the precious to the base materials required for the manufacture of essential products.

The mining industry — those companies who risk capital in the hunt for ore bodies, the development of mines and the production of minerals — therefore plays a very important role in today's economy.

Many of us hold a romantic picture of the prospector who, with pack and pick, searched for the hidden mineral wealth. While the romance remains, the elements of the search have changed dramatically. In modern reality, the mineral search involves trained exploration crews and skilled scientists utilizing helicopters, other aircraft, sophisticated mineral-hunting equipment and even computers to extract the hidden wealth.



Lifting and placing heavy rooftop units—a quick job with an S58T.

Surveys by air today provide a more speedy method of tracking down ore bodies. Helicopters, for example, are used on magnetometer survey work to locate "anomalies" which often indicate the presence of mineral deposits.

As the mineral search moves into more remote areas, the improved capability

of the modern helicopter is providing the major support that is needed to fly crews, equipment and supplies to exploration sites—and the ability to swing those crews and equipment to other locations quickly.

Okanagan Helicopters has years of experience in handling this type of work for the mining industry.

Building For the Future

Canada is rich in water resources and many of our major waterways have been harnessed to provide the increasing demands for electricity. Today, most hydro-electric dams are built in remote areas, taking advantage of the natural terrain for both construction and provision of water storage.

Getting the power to market from distant sources in many parts of the country, requires that transmission lines

traverse rugged mountain ranges. Here, again, the helicopter becomes the ideal construction partner in surveying power routes, erecting towers and stringing lines. Okanagan Helicopters has been a pioneer in this field, with our machines flying sections of transmission towers into remote areas, hovering to hold them in place while erection crews finish the job.

Huge pipelines are built to transport oil and natural gas to market areas and again, the helicopter has

worked on all phases of pipeline construction, including initial surveys to establish right-of-way, stringing pipe, moving men and equipment along the line and finally supporting the testing of the completed line.

Patrolling of power lines and pipelines is an important helicopter service. Regular patrols can immediately spot trouble areas.

Helicopters supply numerous support services for construction projects of all kinds, especially in remote areas.

The helicopter's unique "aerial crane" capability is receiving increased attention from the construction industry, especially in congested city areas. Placement of roof trusses, installation of roof-mounted air conditioning and heating equipment and other rooftop jobs is becoming commonplace.

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Okanagan Helicopters and its subsidiary companies has the widest range of experienced personnel and specialized helicopters in Canada with bases from Vancouver Island to Newfoundland and north to the Arctic Islands. We are growing with Canada to meet the increasing demands for the transportation and work flexibility that the helicopter offers.



Okanagan's helicopters handle many assignments in pipeline construction.

OKANAGAN HELICOPTERS LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF EARNINGS

Year ended January 31, 1973 (With comparative figures for 1972)

	1973	1972
Income from helicopter operations	\$12,971,437	10,693,054
Operations, administrative and general expenses	<u>9,442,118</u>	<u>7,899,448</u>
Operating earnings before depreciation and loss on disposal of assets	3,529,319	2,793,606
Depreciation	<u>1,100,497</u>	<u>760,718</u>
	2,428,822	2,032,888
Loss on disposal of assets	<u>92,617</u>	<u>29,787</u>
Operating earnings	2,336,205	2,003,101
Interest:		
Long-term debt	510,451	407,403
Other, net	<u>29,694</u>	<u>(2,915)</u>
	540,145	404,488
Earnings before income taxes	1,796,060	1,598,613
Income taxes:		
Current (recoverable)	(45,417)	49,810
Deferred	<u>813,621</u>	<u>686,651</u>
	768,204	736,461
Net earnings	<u>\$ 1,027,856</u>	<u>862,152</u>
Earnings per ordinary share (Note 8):		
Basic	\$1.38	\$1.16
Fully diluted	\$1.20	\$1.00

See accompanying notes to consolidated financial statements.

OKANAGAN HELICOPTERS LTD. AND SUBSIDIARIES



CONSOLIDATED STATEMENT OF RETAINED EARNINGS

Year ended January 31, 1973 (With comparative figures for 1972)

	1973	1972
Balance at beginning of year	\$ 1,767,994	1,078,113
Net earnings	1,027,856	862,152
Gain on redemption of preferred shares	1,419	570
	<u>2,797,269</u>	<u>1,940,835</u>
Amount provided for redemption of preferred shares	15,000	15,000
Less preferred shares redeemed	<u>7,500</u>	<u>5,330</u>
	7,500	9,670
Dividends paid:		
Preferred	18,656	20,315
Ordinary	147,177	108,949
Costs of issuing preferred shares in prior years	—	33,907
	<u>173,333</u>	<u>172,841</u>
Balance at end of year	<u>\$ 2,623,936</u>	<u>1,767,994</u>

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS

Year ended January 31, 1973 (With comparative figures for 1972)

	1973	1972
Funds provided by:		
Operations:		
Net earnings	\$ 1,027,856	862,152
Add amounts not requiring an outlay of funds	2,187,582	1,868,338
Funds provided by operations	<u>3,215,438</u>	<u>2,730,490</u>
Issue of ordinary shares on exercise of warrants	20,125	—
Sale of equipment	791,552	874,081
Long-term debt	<u>1,989,770</u>	<u>1,985,136</u>
Total funds provided	<u>6,016,885</u>	<u>5,589,707</u>
Funds applied to:		
Aircraft, ground facilities and other equipment	5,786,847	4,821,320
Dividends	165,833	129,264
Redemption of preferred shares, net of gain on redemption	13,581	14,430
Goodwill acquired on acquisition of subsidiary companies	—	416,315
Investments	—	163
Total funds applied	<u>5,966,261</u>	<u>5,381,492</u>
Increase in working capital	50,624	208,215
Working capital at beginning of year	513,295	305,080
Working capital at end of year	<u>\$ 563,919</u>	<u>513,295</u>

See accompanying notes to consolidated financial statements.

OKANAGAN HELICOPTERS LTD. AND SUBSIDIARIES

ASSETS

	1973	1972
Current assets:		
Cash and short-term deposits	\$ 888,101	851,432
Accounts receivable	1,689,509	1,127,934
Income taxes recoverable	88,168	—
Inventories of parts and supplies, at lower of cost or net realizable value	1,061,621	680,026
Prepaid expenses	89,330	172,492
Deposits	318,478	85,425
Total current assets	4,135,207	2,917,309
Investments, at cost	9,418	9,418
Flying assets, ground facilities and other equipment, at cost less accumulated depreciation:		
Flying assets	13,445,561	9,543,845
Ground facilities and other equipment	1,392,006	868,220
	14,837,567	10,412,065
Accumulated depreciation	2,930,574	2,255,452
	11,906,993	8,156,613
Goodwill, at cost less amortization (Note 1)	314,575	353,896
	<u>\$16,366,193</u>	<u>11,437,236</u>

See accompanying notes to consolidated financial statements.

AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the consolidated balance sheet of Okanagan Helicopters Ltd. and subsidiaries as of January 31, 1973 and the consolidated statements of earnings, retained earnings and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the

company and subsidiaries at January 31, 1973 and the results of their operations and the source and application of their funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

PEAT, MARWICK, MITCHELL & CO.,
Chartered Accountants

Vancouver, British Columbia
April 6, 1973

CONSOLIDATED BALANCE SHEET JANUARY 31, 1973

(With comparative figures for 1972)



LIABILITIES AND SHAREHOLDERS' EQUITY

	1973	1972
Current liabilities:		
Bank loan (Note 2)	\$ 675,000	—
Accounts payable and accrued liabilities	1,329,288	1,052,318
Income taxes payable	—	80,115
Current portion of long-term debt	<u>1,567,000</u>	<u>1,271,581</u>
Total current liabilities	3,571,288	2,404,014
Long-term debt (Notes 2 and 3)	6,218,295	4,228,525
Deferred income taxes (Note 4)	1,765,787	952,166
Maintenance equalization provision	401,915	312,190
Shareholders' equity:		
Share capital (Note 5)	1,784,972	1,772,347
Retained earnings, per accompanying statement (Note 6)	<u>2,623,936</u>	<u>1,767,994</u>
Total shareholders' equity	4,408,908	3,540,341
Commitments and subsequent events (Note 7).		
	<u>\$ 16,366,193</u>	<u>11,437,236</u>

On behalf of the Board:

J. W. PITTS, *Director.*

R. L. CLIFF, *Director.*

1. Principles of consolidation:

The consolidated financial statements include the accounts of all subsidiary companies and the results of their operations since acquisition. The goodwill is being amortized over 10 years at \$39,321 per year.

2. Long-term debt:

Bank loans with interest at the bank's prime commercial rate plus 1¼%, repayable in regular periodic instalments to 1978. Both the long-term and the current bank loan are secured by a floating charge debenture of \$8,885,000.

The current bank loan is also secured by an assignment of book debts 10% notes payable, due March 2, 1973 Sales tax on flying equipment Other

	Total	Current	Non-Current
	\$7,455,000	1,430,000	6,025,000
	65,952	65,952	—
	236,002	67,774	168,228
	28,341	3,274	25,067
	<u>\$7,785,295</u>	<u>1,567,000</u>	<u>6,218,295</u>

3. Debt maturity:

Maturities of long-term debt are as follows for the next five fiscal years ended January 31,

1974	\$1,567,000
1975	2,002,405
1976	1,494,567
1977	1,400,420
1978	1,320,903
	<u>\$7,785,295</u>

4. Deferred income taxes:

The company has claimed for tax purposes, capital cost allowances in excess of depreciation recorded in the accounts. Effective January 1, 1968, in accordance with a recommendation of the Canadian Institute of Chartered Accountants, the company decided to adopt for 1968 and subsequent years the policy of charging to earnings the deferred taxes which arise from these timing differences. The balance at January 31, 1973 of unrecorded deferred taxes relating to these differences is \$1,115,500.

5. Share capital:

	No. of Shares	Amount
(a) Authorized and issued:		
Preferred:		
(i) 6% cumulative preferred shares of \$10 par value per share; redeemable at \$10.50 per share.		
Authorized 48,738 shares:		
Issued at January 31, 1972	26,409	\$ 264,090
Less redeemed during the year	750	7,500
Issued at January 31, 1973	<u>25,659</u>	<u>256,590</u>
(ii) 6% second cumulative convertible preferred shares of \$10 par value per share; redeemable at \$10.50 per share.		
Authorized 4,190 shares (6,695 in 1972):		
Issued at January 31, 1972	6,695	66,950
Converted to ordinary shares during the year	<u>2,505</u>	<u>25,050</u>
Issued at January 31, 1973	<u>4,190</u>	<u>41,900</u>
Total preferred shares		298,490

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, (Continued)



5. Share capital (continued):

	No. of Shares	Amount
Ordinary shares without nominal or par value:		
Authorized 1,212,674 shares:		
Issued at January 31, 1972	726,524	1,441,307
Issued on conversion of second preferred shares	5,010	25,050
Issued on exercise of warrants	4,450	20,125
Issued at January 31, 1973	735,984	1,486,482
Total share capital		<u>\$1,784,972</u>

- (b) Each 6% second cumulative preferred share is convertible into two ordinary shares to and including August 31, 1975 at which time the conversion privilege expires.
- (c) An amount of 121,350 ordinary shares have been reserved for exercise of ordinary share purchase warrants. Each warrant entitles the holder to purchase one ordinary share for a consideration of \$5.50 to and including Sept. 1, 1975, at which time the warrants expire.
- (d) The terms of issue of the 6% cumulative preferred shares provide for an aggregate annual sinking fund provision (subject to certain provisions) of \$15,000.

6. Capital reserve:

Included in retained earnings is a capital redemption reserve of \$230,790 (\$223,290 in 1972) created pursuant to Section 63 of the Companies Act of British Columbia on the redemption of preferred shares.

7. Commitments and subsequent events:

Subsequent to January 31, 1973:

- (a) the company agreed to purchase, subject to the approval of the Canadian Transport Commission, all the issued and outstanding shares of Haida Helicopters Limited and Lac St. Jean Aviation Ltée. as well as certain intercorporate indebtedness for a total consideration of approximately \$2,500,000.
- (b) 150,000 ordinary shares were allotted and issued at a price of \$14 per share.
- (c) the company became committed to purchase flying equipment costing approximately \$3,900,000.
- (d) the authorized limit under the terms of the bank debenture was increased by \$1,000,000.

8. Earnings per ordinary share:

Earnings per ordinary share have been computed by dividing the net earnings after deduction of preferred share dividends by the weighted average number of ordinary shares outstanding during the year 732,932 (725,638 in 1972).

In calculating fully diluted earnings per share, the weighted average number of ordinary shares outstanding has been adjusted by assuming all second preferred shares and warrants outstanding at January 31, 1973 had been exchanged for ordinary shares on February 1, 1972. As a result of this assumption, net earnings used in this calculation reflect the reduction of second preferred share dividends and the after-tax effect of the use of funds provided by exercising the warrants.

9. Statutory information:

During the year ended January 31, 1973, the aggregate direct remuneration paid or payable to directors of the company, as directors, was \$17,900 and to senior officers of the company, including two of the directors, was \$195,400.

OKANAGAN HELICOPTERS LTD. AND SUBSIDIARIES

TEN YEAR REVIEW

FOR THE FISCAL YEAR

EARNINGS AND DIVIDENDS (in thousands of dollars)

	1973	1972	1970	1969	1968	1967	1966	1965	1964	1963
Revenue (Note 1)	12,971	10,693	6,375	6,216	5,481	5,671	4,515	4,249	3,522	2,804
Earnings before extra-ordinary item	1,028	862	257	151	(96)	454	(9)	365	247	279
Net earnings (Notes 2 & 3)	1,028	862	67	151	(96)	454	(9)	365	247	279
Funds provided from operations	3,215	2,730	935	1,019	760	973	438	670	568	485
Dividends paid	166	129	118	100	175	169	164	171	102	48

FINANCIAL INFORMATION (in thousands of dollars)

	1973	1972	1970	1969	1968	1967	1966	1965	1964	1963
Working capital at year-end	564	513	418	794	396	261	722	1,389	145	231
Capital expenditures during year	5,787	4,821	2,077	1,306	500	2,100	1,292	1,433	1,856	479
Net fixed assets at year-end	11,907	8,157	5,210	4,964	4,602	5,093	3,783	3,145	3,521	2,339
Ordinary shareholders' equity at year-end	4,110	3,209	2,687	2,594	2,473	2,536	2,233	2,381	2,183	1,948

PER ORDINARY SHARE

	1973	1972	1970	1969	1968	1967	1966	1965	1964	1963
Earnings before extra-ordinary item	\$ 1.38	1.16	.33	.18	(.22)	.75	(.02)	.64	.43	.54
Net earnings (Note 4)	1.38	1.16	.06	.18	(.22)	.75	(.02)	.64	.43	.54
Dividends	.20	.15	.12½	.10	.20	.20	.20	.25	.15	.05
Funds provided from operations	4.37	3.76	1.29	1.43	1.08	1.53	.67	1.13	.96	.89
Ordinary shareholders' equity	5.58	4.42	3.71	3.81	3.72	4.20	3.86	4.19	3.85	3.76

OUR SHAREHOLDERS

Number of ordinary shares at year-end	736,000	727,000	725,000	681,000	665,000	604,000	578,000	568,000	568,000	518,000
Number of shareholders										
—Canadian	1,263	1,429	1,954	2,408	2,420	2,229	2,487	2,286	1,707	1,516
—Other	58	54	51	49	48	49	55	48	46	45

NOTES

- For the years 1963 to 1970, the figures cover a twelve-month period ended December 31, whereas for 1972 and 1973, the twelve-month period ends January 31.
- Earnings prior to 1968 have been restated to include gains and losses on sale of fixed assets and dividends received (these were formerly disclosed in retained earnings). Earnings and retained earnings subsequent to 1967 have been restated to reflect prior period adjustments in their relevant years.
- Prior to 1968 the company did not provide for deferred income taxes. If these had been recorded, cumulative profits to December 31, 1967 would have been reduced by \$1,115,500.
- Earnings per ordinary share are calculated after providing for preferred dividends. Earnings per ordinary share after 1968 are based on the weighted average number of shares outstanding during the year, rather than the previous method of using the number outstanding at the end of the year.



Cornwallis I.
Resolute



Fort George LG2 and Lake Gugu

Matagami

Baie Comeau

Pasadena

Bishops Falls

Gander

St. Alban's

St. John's

Quebec

Sydney

Ottawa

Montreal

Halifax

